MONTANA LEGISLATIVE HISTORY

Chapter 250 19 95

Bill H 475 S _____ Original bill & history ____C

H. Committee on Business & Labor			S. Committee on Business & Industry		
Hearing Date(s)	Feb 14	✓ C	Hearing Date(s)	Mar 09	✓ C
	_____	____C		_____	____C
	_____	____C		_____	____C
	_____	____C		_____	____C
Date Out	Feb 14	✓ C		Mar 09	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

3/23	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 205		
	EFFECTIVE DATE: 10/01/95		

HB 475 INTRODUCED BY FORBES, ET AL.

ESTABLISH AN INTEREST ON TRUST ACCOUNTS PROGRAM FOR NOMINAL OR SHORT-TERM DEPOSITS OF CUSTOMER FUNDS BY TITLE INSURERS OR TITLE INSURANCE PRODUCERS

2/08	INTRODUCED		
2/08	FIRST READING		
2/08	REFERRED TO BUSINESS & LABOR		
2/14	HEARING		
2/15	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/17	2ND READING PASSED	89	9
2/18	3RD READING PASSED	92	7
	TRANSMITTED TO SENATE		
2/21	FIRST READING		
2/21	REFERRED TO BUSINESS & INDUSTRY		
3/09	HEARING		
3/10	COMMITTEE REPORT—BILL CONCURRED		
3/17	2ND READING CONCURRED	47	0
3/18	3RD READING CONCURRED	46	0
	RETURNED TO HOUSE		
3/20	SIGNED BY SPEAKER		
3/22	SIGNED BY PRESIDENT		
3/23	TRANSMITTED TO GOVERNOR		
3/27	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 250		
	EFFECTIVE DATE: 10/01/95		

HB 476 INTRODUCED BY STOVALL, ET AL.

INCLUDE PROFESSIONAL FEES IN THE PUBLIC AGENCY CRITERIA FOR SELECTING ARCHITECTURAL, ENGINEERING, AND LAND SURVEYING SERVICES

2/08	INTRODUCED		
2/08	FIRST READING		
2/08	REFERRED TO STATE ADMINISTRATION		
2/13	HEARING		
2/16	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/18	2ND READING DO PASS AS AMENDED MOTION FAILED	35	64

HB 477 INTRODUCED BY SCHWINDEN, ET AL.

AUTHORIZE STATE TO NEGOTIATE A COMPACT UNDER THE FEDERAL INDIAN GAMING REGULATORY ACT GRANTING AUTHORITY TO A TRIBE TO OPERATE SLOT MACHINES AND ROULETTE AND TO CONDUCT THE GAME OF CRAPS AND THE LIVE CARD GAME OF BLACKJACK OR TWENTY-ONE WITHIN THE BOUNDARIES OF ITS RESERVATION

2/08	INTRODUCED
2/08	FIRST READING
2/08	REFERRED TO BUSINESS & LABOR
2/10	FISCAL NOTE REQUESTED
2/14	HEARING
2/14	TABLED IN COMMITTEE
2/16	FISCAL NOTE PRINTED
2/23	MISSED TRANSMITTAL DEADLINE
	DIED IN COMMITTEE

The other class was community retail pharmacies. The price differentials between these two classes of trade is substantial.

Closing by Sponsor:

The sponsor closed.

VICE CHAIRMAN PAVLOVICH relinquished the chair back to **CHAIRMAN SIMON.**

HEARING ON HB 475

Opening Statement by Sponsor:

REP. ROSE FORBES, HD 42, Cascade County, stated this bill was an act establishing an interest on trust accounts program for nominal or short-term deposits of customer funds by title insurers or title insurance producers; providing that the program be administered by the Montana Land Title Associating Foundation. She also proposed amendments.

Proponents' Testimony:

Ted Lovick, President Elect, Montana Land Title Association/President, American Title Industrial, further explained the amendments which were proposed. They have no significant impact on the bill but are structural changes to clarify the relationship between the legislation and the proposed foundation. Title insurance agents routinely receive funds to be placed in trust accounts for future use associated with real estate closing transactions. These transactions tend to be very short in duration. Typically, these funds are held temporarily on behalf of the clients and must be readily available for use. If these funds are sufficiently large or long term in nature the agent customarily deposits these monies in an interest-bearing account for the credit to the client. Those deposits which are nominal in amount often make it impractical to establish separate interest-bearing accounts. In many instances the accounting and administrative costs plus any bank charges would more than offset the potential interest gained to the client. Because of the impracticalities of establishing separate accounts, all client funds are co-mingled in a title agent's trust account. The trust accounts are left uninvested. This has been the accepted practice in Montana and most other states for title/agent trust accounts.

Ward Shanahan, Former President, State Bar of Montana, said he supports this bill.

Denny Moreen, Past President, Montana Law Foundation, said they supported this bill.

Frank Coty, Deputy Insurance Commissioner, said it is the opinion of the State Auditor's Office this money does belong to the consumer and does not belong to the bank. If money can be returned to the consumer through this program the bill would be supported.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. LARSON asked how many dollars this would entail. **Mr. Lovick** said there had been no analysis of the various accounts done. It is relative to the strength of the real estate economy because most of the funds are associated with real estate transactions. The best projections would be several hundred thousand dollars. **REP. LARSON** asked if there would be any audit function to insure the interest from these funds are flowing to the consumer. **Mr. Lovick** said it was patterned after the interest off of lawyer trust accounts and is a management agreement entered into between the title agent participant and the financial institution that would direct them to provide an accounting on a quarterly basis to the foundation.

Closing by Sponsor:

The sponsor closed.

EXECUTIVE ACTION ON HB 498

Motion: REP. COCCHIARELLA MOVED HB 490 DO PASS. REP. COCCHIARELLA MOVED THE AMENDMENTS.

Discussion:

REP. COCCHIARELLA explained the amendments.

Vote: Motion carried to adopt the amendments 16-2 with REPS. LARSON and MARSHALL voting no.

Motion/Vote: REP. COCCHIARELLA MOVED HB 498 DO PASS AS AMENDED.

Discussion:

REP. EWER said the purpose of the bill is through education.

Vote: Motion carried 13-5 with REPS. BARNETT, LARSON, KEENAN, HERRON and MARSHALL voting no.

EXECUTIVE ACTION ON HB 536

Motion: REP. MILLS MOVED HB 536 DO PASS ON HB 536.

Discussion:

CHAIRMAN SIMON stated if this bill does not pass, the Board will not have the rulemaking authority that they need to adopt rules which they found out they did not have as a result of the bill which passed two years ago.

REP. EWER said he was not going to support the bill without the amendments. There is a real distinction here as far as the pharmacists requiring schooling which is supposed to be available and is not.

REP. ELLIS said he opposed the bill without the amendments.

REP. MCKEE stated her opposition to the bill.

CHAIRMAN SIMON said most of the drugs coming from the out-of-state pharmacies are termed a maintenance type of drug. Antibiotics are not the kind of drugs received by a mail-order-pharmacy.

Motion: REP. PAVLOVICH MOVED THE SMITH AMENDMENTS. REP. PAVLOVICH WITHDREW THE AMENDMENT.

CHAIRMAN SIMON stated further action on this bill would be suspended until a later date.

EXECUTIVE ACTION ON HB 475

Motion: REP. FORBES MOVED HB 475 DO PASS. REP. FORBES MOVED THE AMENDMENTS.

Discussion:

REP. EWER stated he did not have a problem with the intention of the bill. He said he desired the industry to spend more time trying to get the float back to the customers who had paid for it. They do have a monopoly. He had some bias against the title insurance business.

Vote: Motion carried to adopt the amendments 18-0.

Motion/Vote: REP. FORBES MOVED HB 475 DO PASS AS AMENDED. Motion carried 16-2 with REPS. EWER and TUSS voting no.

HOUSE OF REPRESENTATIVES

Business and Labor

ROLL CALL DATE 2-14-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bruce Simon, Chairman	X		
Rep. Norm Mills, Vice Chairman, Majority	X		
Rep. Bob Pavlovich, Vice Chairman, Minority	X		
Rep. Joe Barnett	X		
Rep. Vicki Cocchiarella	X		
Rep. Charles Devaney	X		
Rep. Jon Ellingson	X		
Rep. Alvin Ellis, Jr.	X		
Rep. David Ewer	X		
Rep. Rose Forbes	X		
Rep. Jack Herron	X		
Rep. Bob Keenan	X		
Rep. Don Larson	X		
Rep. Rod Marshall	X		
Rep. Jeanette McKee	X		
Rep. Karl Ohs	X		
Rep. Paul Sliter	X		
Rep. Carley Tuss	X		

HOUSE STANDING COMMITTEE REPORT

February 14, 1995

Mr. Speaker: We, the committee on **Business and Labor** report that **House Bill 475** (first reading copy -- white) **do pass as amended.**

Signed: _____
Bruce Simon, Chair

And, that such amendments read:

1. Page 1, line 16.
Following: "through"
Strike: "(8)"
Insert: "(9)"

2. Page 1, line 26.
Following: "through"
Strike: "(6)"
Insert: "(7)"

3. Page 2, following line 19.
Insert: "(5)(a) The Montana land title association shall establish the Montana land title foundation for the administration of the funds generated by the interest on trust accounts program for the following purposes:

(i) to support Montana nonprofit charitable organizations;

(ii) provide continuing education programs for licensed title insurance agents; and

(iii) promote knowledge and awareness of the real estate and title insurance industries.

(b) The foundation shall establish bylaws for the administration of the foundation in accordance with subsections (5)(a)(i) through (5)(a)(iii)."

Renumber: subsequent subsections

Committee Vote:
Yes 16, No 2.

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4. Page 3, lines 3 and 4.
Following: "for the" on line 3
Strike: "following"
Following: "purposes"
Insert: "set forth in subsections (5)(a)(i) through (5)(a)(iii)"
Following: "appropriate"
Strike: ":"
Insert: "."

5. Page 3, lines 5 through 8.
Strike: subsections (a) through (d) in their entirety

-END-

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on March 9, 1995, at 8:00 a.m.

ROLL CALL

Members Present:

Sen. John R. Hertel, Chairman (R)
Sen. Steve Benedict, Vice Chairman (R)
Sen. William S. Crismore (R)
Sen. C.A. Casey Emerson (R)
Sen. Ken Miller (R)
Sen. Mike Sprague (R)
Sen. Gary Forrester (D)
Sen. Terry Klampe (D)
Sen. Bill Wilson (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: Bart Campbell, Legislative Council
Lynette Lavin, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	HB 475, HB 428
Executive Action:	HB 475 BE CONCURRED IN
	HB 537 BE CONCURRED IN AS AMENDED

HEARING ON HB 475

Opening Statement by Sponsor:

REP. ROSE FORBES, HD 42, Great Falls, said **HB 475** would allow title insurers to set up a foundation, using interest on nominal or short-term deposits, which would be used to educate the public on real estate issues, help provide continuing education as required by the Department of Insurance and funding opportunities for low-income housing projects. She said the foundation was modeled after one which was set up by the Montana Law Foundation.

Proponents' Testimony:

Bill Gowan, Montana Land Title Association, said **HB 475** would allow title agents in their trust accounts to garner interest on short-term deposits. He explained trust accounts normally had short-term deposits which were used for transacting real estate transactions, and currently were prohibited by law to garner interest. He stated the foundation income would be accessible by grant applications for charitable and educational purposes pertaining to real estate and continuing education of members.

Mr. Gowan said long-term accounts for clients could be interest-bearing accounts, but required set-up procedures by banks; however, it was impractical to figure interest for clients on short-term loans. He urged support for **HB 475.**

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. STEVE BENEDICT asked how banks felt about not holding the short-term monies, but paying out interest. **John Cadby, Montana Bankers Association,** told the committee it was his understanding the funds were set aside and it was optional for the bank to set up the funds and to charge a fee. **Mr. Cadby** said he did not think the banks would object to **HB 475.**

SEN. MIKE SPRAGUE referred to Page 2, Lines 25-27, and asked for a definition of a nonprofit charitable organization and also wondered if title insurance was a nonprofit organization. **Bill Gowan** said title insurance was not, and charitable organization was not yet defined; however, the money would be dispersed through grant application and the foundation set-up would be by trustees who would have fiduciary responsibility.

SEN. SPRAGUE asked if agents of the Land Title Association were exempt from being recipients and **Mr. Gowan** said they were; however, the idea was to use some of the interest money for continuing education as required by the insurance commissioner. He claimed they figured about 75% of the available interest money would go to charity.

SEN. SPRAGUE asked if the intent was to establish a fair rate of interest. **Mr. Gowan** stated at this point, there was no interest paid on these accounts; however, the banks would establish the interest rate to be paid. He maintained the Lawyers organization was handled by the banks, who sent the money on a timely basis to the foundation, and theirs would operate in much the same way.

SEN. KEN MILLER asked for an estimate of how much was deposited. **Mr. Gowan** related not all title companies had trust accounts, and he had no figures at this point; however, a fair estimate would be $50-$100 thousand/year for charitable organizations.

SEN. CASEY EMERSON commented there were 500-600 closings in a city like Helena, and the account could earn $50-$100 thousand during the year. **Mr. Gowan** professed over the year, the total earnings from all title companies across Montana could be $50-$100 thousand.

SEN. SPRAGUE said the interest was basically a bank-subsidized charitable contribution for assets lying dormant. **Mr. Gowan** stated that was probably correct.

SEN. SPRAGUE complimented the banks for not opposing **HB 475.**

Closing by Sponsor:

REP. FORBES said examples of charitable organizations covered in **HB 475** would be Habitat for Humanity, Neighborhood Housing, etc. She reported Frank Cody from the Commissioner's Office wanted to be on record as a proponent of **HB 475**, and felt it also offered consumer protection. **REP. FORBES** reported the amount of money would depend on the activity and the number of participants. She asked the committee to look favorably on **HB 475**. She stated **SEN. KEN MILLER** agreed to carry the bill on the Senate floor.

HEARING ON HB 428

Opening Statement by Sponsor:

REP. DAVID EWER, HD 53, Helena, said before he agreed to carry **HB 428**, he had three conditions, which were all met: (1) the banking community had to agree; (2) it could not offend his sense of consumerism; and (3) it could not offend his sense of fairness within the industry.

REP. EWER said the bill brought certain sections of the banking code into compliance with the Federally enacted Riegle-Neal Act, and then went on to explain various parts of **HB 428**, which he said would be more detailed in the testimony.

Proponents' Testimony:

Tom Hopgood, Montana Independent Bankers Association, stated the banking community was in complete agreement with **HB 428**. He said most of the bill was housekeeping and commented it had been carefully scrutinized by the legislative council. He referred to:

(1) Page 4, Lines 4-6 -- in order for banks to merge, they must have existed for five years upon completion of the merger, i.e. brought merger into conformity with acquisition laws;

(2) Page 4, Lines 12-14 -- when banks merged and other banks came under common ownership, future banks which would come under common ownership could also merge;

Closing by Sponsor:

REP. EWER reported HB 428 had three components: (1) provided conformance to Riegle-Neal; (2) provided consumers the option of using debit cards; and (3) provided an option for rules. He referred to Page 5 and stated the bill had language on branching which was carefully crafted by all parties. REP. EWER suggested careful and close work be done with the people who crafted the bill before any changes be proposed.

EXECUTIVE ACTION ON HOUSE BILL 475

Motion: SEN. WILLIAM CRISMORE MOVED HB 475 BE CONCURRED IN.

Discussion: SEN. EMERSON asked if it was proper to issue the interest money to nonprofit charitable organizations, or should it go back to the investors. SEN. MILLER said since it would be only $5-$10 per investor, it would cost the banks more than that to issue the check, i.e. the only way it would be cost effective would be to pool the money and issue one check to charity, etc. SEN. CRISMORE agreed with SEN. MILLER'S answer.

Vote: Motion that HB 475 BE CONCURRED IN PASSED UNANIMOUSLY by voice vote.

{Tape: 1; Side: B}

EXECUTIVE ACTION ON HOUSE BILL 537

Motion: SEN. STEVE BENEDICT MOVED TO ADOPT AMENDMENTS, EXHIBIT #1.

Discussion: Mark Staples explained the amendments as per EXHIBIT #1, and talked about the family in Dillon whose wife owned a place while he purchased a place across the alley, 20 feet away. He stated the gentleman had not yet applied for his license because the paperwork was still being done; however, it was opined the license should be included as if it were already in place, with the contract valid date as January 24, 1995. Mr. Staples referred to Amendment #9 and professed that was the reason for changing the date to February 1, 1995.

Mr. Staples said there was another family in Dillon where the mother and son-in-law had one place, while two doors down (not 150 feet away) the son-in-law and daughter had another place. He suggested the mother could be on one license while the son-in-law could be on another because they were not related. He commented that perhaps an amendment could be drawn up which would say

MONTANA SENATE
1995 LEGISLATURE
BUSINESS AND INDUSTRY COMMITTEE

ROLL CALL DATE 3-9-95

NAME	PRESENT	ABSENT	EXCUSED
STEVE BENEDICT, VICE CHAIRMAN	✓		
WILLIAM CRISMORE	✓		
CASEY EMERSON	✓		
GARY FORRESTER	✓		✓
TERRY KLAMPE	✓		
KEN MILLER	✓		
MIKE SPRAGUE	✓		
BILL WILSON	✓		
JOHN HERTEL, CHAIRMAN	✓		

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SENATE STANDING COMMITTEE REPORT

March 9, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration HB 475 (third reading copy -- blue), respectfully report that HB 475 be concurred in.

Signed: John Hertel
Senator John R. Hertel, Chair

Amd. Coord.
Sec. of Senate

Sen. Ken Miller
Senator Carrying Bill

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